

NEWS FLASH – 19th April, 2016

SUGAR

The sugar belt pays the price: no new factories for five years

New sugar factories will not be allowed to come up in drought-hit Marathwada for the next five years, the state government announced on Monday. It is also mulling to make drip irrigation mandatory for cultivating sugarcane — one of the most water-intensive cash crops.

Revenue minister Eknath Khadse on Monday said considering the water scarcity in Marathwada, restrictions must be imposed on unlimited use of water by sugar factories. "The government will not give permission to new sugar factories in the region, at least for the next five years," he said, adding permissions in other regions would be given only after taking the availability of water and usage into consideration.

Mr. Khadse had said during the recently-concluded Assembly budget session the Manjara co-operative sugar mill in Latur, owned by former Chief Minister Vilasrao Deshmukh's family, had used water for crushing sugarcane despite the water scarcity in the district.

He also stressed the need to use methods like drip irrigation for crops such as sugarcane, saying changing the water usage pattern was important to stop the indiscriminate use of water. Water cuts to breweries and distilleries in Marathwada are being kept in abeyance as closing a production unit would affect workers but the option hasn't been ruled out, Mr Khadse said.

Crop insurance scheme

Meanwhile, the state cabinet on Monday announced the implementation of the Pradhan Mantri Fasal Beema Yojana (PMFBY) in Maharashtra this kharif season.

A state level co-ordination committee will be set up with the Chief Secretary as chairman to decide on issues such as notifying crops under the scheme, risk level and setting up an execution mechanism.

While the scheme is mandatory for all farmers who avail of loans for cultivation, others can be part of it too.

The state and central governments will share the insurance premium equally.

Risks covered under the scheme include losses to standing crops due to fire, lightning, hailstorm, cyclone, excessive rain, floods, landslide, drought and disease.

(Source-<http://www.thehindu.com/news/cities/mumbai/news/the-sugar-belt-pays-the-price-no-new-factories-for-five-years/article8492415.ece>, published in the Hindu on 19th April ,2016)

Maharashtra drought: Keeping throats parched to water sugarcane fields

Despite the fact that an experts panel had recommended in its report in 1999 that the setting up of more sugar factories in Marathwada should be disallowed, the state government gave permission for 20 private sugar factories in the region in 2012 — a drought year — and it is the excessive use of water for sugarcane that has added a crippling man-made element to the drought in the region at present.

While the government has now decided to disallow the setting up of further sugar factories in the Marathwada region, which has been worst hit by a successive drought year, the damage is already visible.

Sugarcane factories, in order to maximise gains from the cash crop, use an inordinate amount of water to increase production.

Pradeep Purandare, a water expert from Aurangabad who has served as a member on the Marathwada Statutory Development Board, told that the Chitale committee had recommended in 1999 that the government should not give permission to any new sugar factory in the Marathwada region. But not only did the government in 2012 give permission to the 20 private sugar factories, 15 more proposals are pending, according to information given by a local MLA, Purandare added.

He said that the time has come to ban sugarcane sowing in the region and the entire crisis at present is because of the unequal distribution of resources. He said that for the equitable distribution of water to be made possible, the use of water from the Godavari basis in Nashik and Ahmednagar should be extended to the Marathwada region and the government must ensure this as early as possible.

The state government has vowed to introduce the drip irrigation method for sugarcane farming. But despite it being during the tenure of former chief minister Prithviraj Chavan that an announcement was made about drip irrigation for sugarcane being introduced in the next three years, nothing much has happened. Shivajirao Nagawade, the chairman of the federation of the cooperative sugar factories in Maharashtra, told dna that only 10% of the sugarcane in the state, at the most, is being cultivated with drip irrigation.

After it was clear that the monsoon wasn't as likely to be reliable as it was in earlier years, farmers from Solapur, Indapur in Pune district and Sangamner in Ahmednagar, for instance, have shifted to horticulture from sugarcane. Sajjan Deshmukh, who, along with his two brothers, has 110 acres of land in Barshi taluka of Solapur district, told dna that it's only lazy farmers who shift to the water-intensive crop of sugarcane. He added that his family left sugarcane aside and went in for horticulture instead, since pomegranate fetches a good price in the market.

Deshmukh also said that there are various reasons for farmers to opt for sugarcane cultivation. For instance, sugarcane is a crop which, in addition to being a cash crop, can withstand the vagaries of nature and a few other obstacles. He said that ever since manpower to work in the fields has become difficult to attain, sugarcane — being less labour-intensive — is often opted for over other crops. Plus, farmers also opt for sugarcane, the cycle for which is of 18 months, since it can match the monetary benefits of other crops due to the advantage of a ready market in sugar factories, Deshmukh added.

Deshmukh also said that the water used by a farmer for growing sugarcane on one acre of land in his village is almost equivalent to the water used by a farmer to grow pomegranates on 5 to 7 acres. He also said that it is for the cooperative sugar factories to ensure that farmers use drip irrigation for sugarcane cultivation by offering incentives for the same.

(Source-<http://sugarnews.in/maharashtra-drought-keeping-throats-parched-to-water-sugarcane-fields/>, published in DNA on 18th April, 2016)

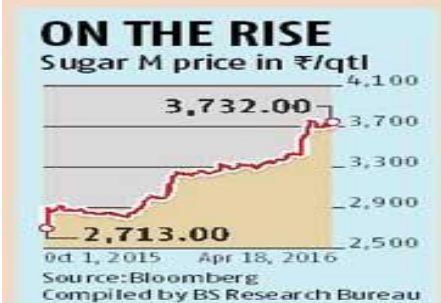
Cane arrears down 60% on better prices

Sugar mills' cane payment arrears are down 60 per cent from this time last year, after a sharp rise in the price of sugar and financial help from the central government.

Data from the Indian Sugar Mills Association (Isma) showed cumulative cane arrears at Rs 13,300 crore as on April 12, compared to Rs 21,800 crore a year ago.

From Rs 19 a kg in August 2015, ex-factory realisation for mills is now Rs 32-33 a kg. "With improvement in price, it is expected that cane price payments to farmers will improve, for arrears to come down substantially further," said Abinash Verma, director-general, Isma.

The current ex-factory realisation is near average cost of production. Any improvement in the price and they'd begin making profits.



"While the price movement in the domestic market got support from lower output estimates, a global deficit forecast also helped the price increase in the world market," said an analyst with a global brokerage.

ISMA estimated the country's production at 24.3 million tonnes as of last Friday, down nine per cent from 26.5 mt a year ago. Since the number of mills in operation at 117 this year is lower than the 245 as of April 15 last year, any significant increase in output looks unlikely. The food ministry's forecast is for output at 25.5 mt. India reported 28.3 mt last year.

The Uttar Pradesh government offered a production subsidy of Rs 40 per quintal of cane crushed to mills. And, the government allowed higher prices for ethanol. In global markets, the deficit this year is expected to be four mt; prices jumped six per cent in the past few weeks. All these positive developments have reflected on stock prices of factories.

ISMA says mills have dispatched 13.2 mt for sale in the domestic market, 0.5 mt higher than the 12.7 mt despatched in the past season. Of the 3.2 mt of export allowed this year, mills have shipped 1.35 mt so far.

(Source- <http://sugarnews.in/maharashtra-struggles-for-water-sugarcane-guzzles/>, published in the Hindustan Times on 16th April, 2016)

Sugar output falls 8% to 24.34 mn tonnes during Oct-Apr

Country's sugar output fell by 8% to 24.34 million tonnes till April 15 of the current marketing year ending September, while exports stood at 1.35 million tonnes, industry body ISMA said today.

Cane dues to be paid by mills to farmers remained lower at about Rs 13,300 crore so far this year as against Rs 21,800 crore in the year-ago, it said in a statement.

Mills had manufactured 26.46 million tonnes (MT) of sugar in the same period last year.

According to the Indian Sugar Mills Association (ISMA), the sugar output fell mainly in Maharashtra and Karnataka. Only 117 mills were operating across the country till April 15 of this year, as against 245 mills in the year-ago period.

Production in Maharashtra, the country's leading sugar producing state, fell to 8.36 MT of sugar till April 15 of this marketing year from 9.96 MT in the year-ago period.

The sugar recovery rate was 11.29% in the state, which crushed less quantity of sugarcane at 7.4 MT this year.

Sugar output in Uttar Pradesh, the second biggest producing state, was at 6.77 MT till April 15 of this year, which is almost at last year's level. The sugar recovery rate was higher at 10.6% in the state.

In Karnataka, sugar output dropped to 4 MT from 4.58 MT, while the production in Andhra Pradesh also fell marginally to 8,10,000 tonnes in the said period.

In Tamil Nadu, the sugar output was higher at 9,25,000 tonnes and the state is expected to manufacture another 4,50,000 tonnes in the remained period of this year.

On exports, ISMA said exported were at 1.35 MT the first six months of 2015-16 marketing year, while mills dispatched higher quantity of sugar at 13.3 MT for sale in the domestic market in the same period. On cane arrears, the industry body said it has come down to Rs 13,300 crore so far this year, as against Rs 21,800 crore in the year-ago period.

"With the improvement in domestic market, it is expected that cane price payments to the farmers will improve and arrears will come down substantially further in the next few months," ISMA added.

Sugar production of India, the world's second-largest producer after Brazil, is estimated to decline to about 26 MT in 2015-16 marketing year (October-September) as against 28.3 MT in the previous year.

(Source-http://www.business-standard.com/article/markets/sugar-output-falls-8-to-24-34-mn-tonnes-during-oct-apr-116041800629_1.html, published in Business Standard on 18th April, 2016)

CO-GEN/ POWER

Inox Wind bags 2 orders of 100 MW capacity in M.P., Gujarat

Inox Wind Ltd today said it has bagged two orders for a cumulative capacity of 100 MW from country's one of the leading renewable energy independent power producers.

"The turnkey orders comprise a 50 MW project to be set up in Gujarat and another 50 MW project to be set up in Madhya Pradesh," the company said in a regulatory filing today.

The projects once commissioned will provide power to 50,000 households, curtail 0.15 million tonnes of carbon dioxide emissions annually and further consolidate Inox Wind's leading position in the two states, it said.

As part of the turnkey projects, the company will provide end-to-end solutions from development, construction to commissioning and providing long-term operations and maintenance services.

Further, the work involves supply and installation of 25 units of firm's 100 meter rotor dia wind turbine generator for the Gujarat project and 25 units of the company's 113 meter rotor dia WTG for the project in Madhya Pradesh.

The 113 meter rotor diameter WTG is the newest variant of the company's market leading 2 MW platform and has been tested to have one of the highest generation performance per kilowatt of all WTG variants available in India.

The firm offers wind power solutions including wind resource assessment, acquiring land, developing the entire site infrastructure, building the power evacuation system, supplying

the WTGs, erection and commissioning services, long term operations and maintenance services as well as post—commissioning support.

“The orders have boosted Inox’s strong order book with major IPPs in India. Orders from a leading renewable energy IPP prove the competitiveness of wind power in Gujarat and Madhya Pradesh and ensure that Inox Wind continues to play a key role in further developing the wind energy industry in the two states ” CEO of Inox Wind Ltd Kailash Tarachandani said.

(Source-<http://indianpowersector.com/2016/04/inox-wind-bags-2-orders-of-100-mw-capacity-in-m-p-gujarat/>, published on 18th April, 2016)

Iran reliable energy source for India

Iran’s Hassan Rouhani has told Indian official Tehran-Delhi cooperation would benefit both countries as well as the whole region.

President Rouhani received Indian Foreign Minister Ms. Sushma Swaraj on Sunday evening in Tehran. Ms. Swaraj is visiting Tehran to discuss bilateral matters of interest. Rouhani pointed to both countries’ historical ties and long history of political and trade relations and said that ties would provide both countries with benefits; “Iran welcomes cooperation with India in all fields of interest and indeed there is enough opportunity and ground to attain a good level of relations,” Mr. Rouhani believed. “Exchanges of diplomats and high-profile officials will contribute to expansion of Tehran-Delhi ties; Iran’s economy would act as complementary to Indian economy; Indian’s fast-growing economy of services and technology products would enjoy Iran’s ample energy sources and you would rely safely on our oil and gas as a trusted source of energy.”

“Iran and India have experienced considerable progress in science and technology which would be the next priority for cooperation,” Rouhani added.

He also hoped that in next meetings with Indian officials, bilateral and regional issues especially terrorism would provide topics for discussion.

Ms. Swaraj, for her part, said that a long and strong historical ties between two nations would help extend ties in all fields; “India also welcomes improved ties with Iran; as a new and emergent economy, India needs huge source of energy and will seek a relationship with Iran where both sides would benefit in a game which would be win-win for both sides,” she told Rouhani. “Our relations should go beyond mere economy and should embrace other issues including culture and technology.”

“Iran is a country of diverse investment opportunities and India would use Iran’s Chabahar port city to link to Central Asia and Caucasia through north corridor to find new markets for its products,” Ms. Swaraj concluded.

(Source- <http://indianpowersector.com/2016/04/iran-reliable-energy-source-for-india/>, published on 18th April, 2016)

Mahagenco's six new units get coal linkage

After a long wait, state-run power generation company Mahagenco has finally got coal linkage for its new units. The standing linkage committee (SLC) of coal ministry has agreed to grant temporary linkage for a period of two years to six new units of the company having total generation capacity of 3,230MW.

A Mahagenco official said that the company has allocated a captive coal block — Gare Palma II in Chhattisgarh — in August 2015. “However, the coal block development and production agreement is yet to be signed. The expected date of commissioning of the block is April 2019. However, all our units will be commissioned much before that and hence we needed a temporary linkage,” he added.

The state government's follow up of the issue with coal and energy minister Piyush Goyal has finally yielded fruits. Mahagenco had submitted a letter to coal ministry for temporary linkage on March 11 this year. The meeting of the SLC was held on March 18 and the request was approved. The minutes of this meeting have confirmed the allotment. The mines from which coal will be supplied to these units have not been decided and it has been left to Coal India Limited (CIL).

The official further said that union ministry of power (Mop) and Central Electricity Authority (CEA) had strongly pitched for granting temporary linkage to Mahagenco units. “The linkage is for three years from date of allocation of coal mine, which happened in August 2015. This means we have linkage till August 2018. On the other hand, production in Gare Palma will take some time. However, this is a not a problem as coal ministry grants extension to linkages in such cases,” he further said.

There are six new units of Mahagenco for which the temporary linkage has been granted. There are three 660MW units in Koradi thermal power station of which one was commissioned in December 2015. The commissioning of the second one is expected very soon while the third one will go online in June. The two new 500MW units at Chandrapur super thermal power station are expected to start generation very soon. The trial run has been successful. Same is the case with 250MW unit of Paras thermal power station.

While the coal linkage is a welcome development, Mahagenco will have problems in selling the power generated by the new units. MSEDCL is power surplus and does not need much power even in the coming days. The generation company will have to shut down some of the old units in order to start the new ones.

(Source- <http://indianpowersector.com/2016/04/mahagencos-six-new-units-get-coal-linkage/>, published on 16th April, 2016)

Thought of the day

‘When you arise in the morning, think of what a precious privilege it is to be alive - to breathe, to think, to enjoy, to love. ‘ -Marcus Aurelius